

**Cash Management Improvement Act Agreement  
between  
The Commonwealth of Massachusetts  
and  
The Secretary of the Treasury,  
United States Department of the Treasury**

The Secretary of the Treasury, United States Department of the Treasury (hereafter 'Secretary'), and the Commonwealth of Massachusetts (hereafter 'State'), in order to implement Section 5 of the Cash Management Improvement Act of 1990, as amended (hereafter 'Act'), agree as follows:

## 1.0 AGENTS OF THE AGREEMENT

1.1 The Authorized Official(s) for the Commonwealth of Massachusetts shall be the Comptroller of the Commonwealth in all matters concerning this Agreement.

1.2 The Assistant Commissioner, Federal Finance, Financial Management Service (FMS), U.S. Department of the Treasury, shall act as the Secretary's representative in all matters concerning this Agreement.

## 2.0 AUTHORITY

2.1 The authority for this Agreement is the Cash Management Improvement Act of 1990 (Public Law 101-453), as amended by the Cash Management Improvement Act of 1992 (Public Law 102-589), codified at 31 U.S.C. 6501 and 31 U.S.C. 6503.

2.2 The regulations codified at 31 CFR Part 205 shall apply to all matters pertaining to this Agreement, and are incorporated herein by reference herein. In the event of any inconsistency between this Agreement and 31 CFR Part 205, the regulations shall govern.

## 3.0 DURATION, AMENDING, TERMINATING, AND MISCELLANEOUS PROVISIONS

3.1 This Agreement shall take effect on 7/1/2008 and shall remain in effect until 6/30/2009.

3.2 This Agreement may be amended at any time by written, mutual consent of the State and FMS. This Agreement shall be amended annually to incorporate new programs that qualify as major Federal assistance programs and remove programs that no longer qualify as major Federal assistance programs. A State must notify FMS in writing within 30 days of the time the State becomes aware of a change that involves additions or deletions of programs subject to Subpart A, changes in funding techniques, and/or changes in clearance patterns. The

notification must include a proposed amendment for review by FMS.

3.3 Notwithstanding section 3.2, in the event of Federal or State non-compliance with Subpart B of 31 CFR, Part 205, FMS may amend this Agreement at any time to incorporate additional programs and the entities that administer those programs.

3.4 This Agreement may be terminated by either party with 30 days' written notice. If this Agreement is terminated, FMS will prescribe the funding techniques, clearance patterns, and methods for calculating interest liabilities to be used by the State.

#### 4.0 PROGRAMS COVERED

4.1 The State's threshold and its major Federal assistance programs shall be determined based on the Commonwealth's Single Audit report. for fiscal year ending 6/30/2007.

All major Federal assistance programs shall be covered by this Agreement, unless otherwise specified in section 4.4 of this Agreement.

4.2 The State's threshold for major Federal assistance programs is \$30,000,000.

The following programs meet or exceed the threshold and are not excluded in Section 4.4:

10.551 Food Stamps

10.555 National School Lunch Program for Children

10.557 Special Supplemental Nutrition Program for Women, Infants, and Children

10.558 Child and Adult Care Food Program

10.561 State Administrative Matching Grants for Food Stamp Program

14.228 Community Development Block Grants/State's Program

14.871 Section 8 Housing Choice Vouchers

17.225 F Unemployment Insurance -- Federal Benefit Account and Administrative Costs

17.225 S Unemployment Insurance -- State Benefit Account

20.205 Highway Planning and Construction

84.010 Title I Grants to Local Educational Agencies

84.027 Special Education -- Grants to States

84.126 Rehabilitation Services -- Vocational Rehabilitation Grants to States

84.367 Improving Teacher Quality State Grants

93.558 Temporary Assistance for Needy Families

93.563 Child Support Enforcement

93.568 Low-Income Home Energy Assistance

93.575 Child Care and Development Block Grant

93.596 Child Care Mandatory and Matching Funds for the Child Care and Development Fund

93.658 Foster Care -- Title IV-E

93.659 Adoption Assistance

93.667 Social Services Block Grant

93.767 Child Health Insurance Program  
93.778 Medical Assistance Program  
96.001 Social Security -- Disability Insurance  
96.006 Supplemental Security Income

4.3 The following programs fall below the State's threshold but have been required to be covered by FMS in accordance with the non-compliance provisions of Subpart B of 31 CFR Part 205:

There are no programs listed for section 4.3

4.4 The following programs exceed the State's threshold but have been excluded from coverage for the reason indicated:

10.550 Food Distribution --- Exclusion: Non-Cash  
84.063 Federal Pell Grant Program --- Exclusion: Non-State  
93.268 Childhood Immunization Grants --- Exclusion: Non-Cash

## 5.0 ENTITIES COVERED

5.1 State agencies and instrumentalities that meet the definition of a State per 31 CFR Part 205, shall be subject to the terms of this Agreement. The following is a list of such entities that administer funds under the programs listed in Section 4.0 of this Agreement:

DOE-Department of Education  
DOR- Department of Revenue  
DPH-Department of Public Health  
DPW-Massachusetts Highway Department  
DSS-Department of Social Services  
EEC-Early Education & Childcare  
EHS-Executive Office of Health and Human Services  
EOL-Department of Labor and Workforce Development  
MRC- Massachusetts Rehabilitation Commission  
OCD-Executive Office of Communities and Development  
WEL-Department of Transitional Assistance

5.2 Entities that meet the definition of a Fiscal Agent per 31 CFR Part 205 shall be subject to the terms of this Agreement. The following is a list of Fiscal Agents that administer funds under the programs listed in Section 4.0 of this Agreement:

Wells Fargo/ACS 10.551 Food Stamps

## 6.0 FUNDING TECHNIQUES

### 6.1 General Terms

6.1.1 The State shall request Federal funds in accordance with the appropriate cut-off times shown in Exhibit I to ensure funds will be received and credited to a State account by the times specified in the funding techniques. Exhibit I is incorporated by reference herein.

6.1.2 The State shall schedule the receipt of Federal funds such that the funds are received and credited to a State account in accordance with the clearance patterns specified in Exhibit II - List of State Clearance Patterns. Exhibit II is incorporated by reference herein.

6.1.3 In instances where the receipt of funds is scheduled for a Saturday, the State shall request funds for deposit on Friday. In instances where the receipt of funds is scheduled for a Sunday, the State shall request funds for deposit on Monday. In instances where the receipt of Federal funds is scheduled for deposit on a day when the State is not open for business, the State shall request funds for deposit the day following the scheduled day; in instances where the receipt of Federal funds is scheduled for deposit on a day when the Federal Government is not open for business, the State shall request funds for deposit the day prior to the scheduled day.

6.1.4 Estimates and Reconciliation of Estimates:

Where estimated expenditures are used to determine the amount of the drawdown, the State will indicate in the terms of the State unique funding technique how the estimated amount is determined and when and how the State will reconcile the difference between the estimate and the State's actual expenditures.

6.1.5 Supplemental Funding:

Unless otherwise defined by program rules, Supplemental Funding is the award of additional funds to provide for an increase in costs due to unforeseen circumstances.

The State will comply with all Federal program agency policies and procedures for requesting supplemental grant funding.

The State will comply with the following guidelines when requesting supplemental funding for the Medical Assistance Program and associated administrative payments (CFDA 93.778):

The State must submit a revised Medicaid Program Budget Report (CMS-37) to request supplemental funding. The CMS guidelines and instructions for completing the CMS-37 are provided in Section 2600F of the State Medicaid Manual (SMM). The CMS/CO must receive the revised Form CMS-37 through the Medicaid Budget Expenditure System/Children's Budget Expenditure System (MBES/CBES) no later than 10 calendar days before the end of the quarter for which the supplemental grant award is being requested.

Additional guidance on this policy is available from the respective CMS Regional Office, U.S. Department of Health & Human Services.

The State will comply with the following guidelines when requesting supplemental funding for

TANF (CFDA 93.558), CCDF (CFDA 93.575), CSE (93.563), and the FC/AA (CFDA 93.658 and CFDA 93.659) programs administered by the U.S. Department of Human Services, Administration for Children and Families (HHS/ACF):

a. Timing of the Request

A State should initiate its request for supplemental funding during a quarter as soon as it becomes aware of the fact that a shortfall does/will exist. For the TANF and CCDF grants, supplemental funding requests (estimates) may be submitted by a State, for consideration by ACF, up through and including the 15th day of the third month of the first, second or third quarter of any fiscal year. Since TANF and CCDF are block grant programs, all unawarded portions of the annual allotment will automatically be issued at the beginning of the fourth quarter. Therefore, supplemental funding requests will not be available during the fourth quarter for these programs. For the CSE and FC/AA programs, supplemental funding requests may be submitted by a state, for consideration by ACF, up through and including the 15th day of the third month of any quarter of a fiscal year.

b. Justification for the Request

The request for a supplemental funding for any of the above mentioned programs should contain a justification clearly documenting the need for the additional funding authority during the current quarter. This documentation should be in the form of State accounting records or similar documents that will show the actual expenditures through the most recent month for which such data are available, as well as the State's most accurate projection of its anticipated expenditures during the remaining month(s) of the quarter. For either the TANF or the CCDF program, the State's justification should also include an explanation of the activities requiring the obligation

and/or expenditure of amounts that exceed the normal quarterly grant award restrictions and why these activities could not have been delayed until the next quarter.

c. Form Submittal

Supplemental funding requests should be made by completing the appropriate ACF quarterly report of expenditures and estimates applicable to the particular program for which the grant award request is being made.

d. Approval Process

Upon receipt of the state's request for additional funding authority for a quarter, the ACF Regional Office will promptly review the supporting documentation. If the request is properly justified, so long as ACF has adequate funding availability, the State's request will be expedited and supplemental funding will be issued within 5 days of ACF receiving the request. The State will be notified by the Regional Office when the supplemental award has been transmitted to the Payment Management System (PMS) and when it may initiate drawdowns against the supplemental funding.

Additional guidance on this policy is provided in the U.S. Department of Health & Human

Services, Administration for Children and Families, letter (May 19, 2004) to State Administrators from the Deputy Assistant Secretary for Administration.

## 6.2 Description of Funding Techniques

6.2.1 The following are terms under which standard funding techniques shall be implemented for all transfers of funds to which the funding technique is applied in section 6.3 of this Agreement.

### Average Clearance

The State shall request funds such that they are deposited by ACH on the dollar-weighted average day of clearance for the disbursement, in accordance with the clearance pattern specified in Exhibit II. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The amount of the request shall be for the exact amount of that disbursement. This funding technique is interest neutral.

### Actual Clearance, ZBA - Same Day Payment

The State shall request funds the same day it pays out funds, in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. A Federal agency will deposit funds in a State account the same day as requested. The amount of the request shall be for the amount of funds that clear the State's account that day. This funding technique is interest neutral.

### Payment Schedule - Monthly

The State shall request funds such that they are deposited in a State account on the median business day of the month. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The amount of the request shall be a prorated share of the lesser of (1) the annual grant divided by 12, or (2) the total amount of Federal funds expected to be paid out for program purposes during the year divided by 12. This funding technique is interest neutral.

### Estimated Clearance

The State shall request funds such that they are deposited in a State account in accordance with the clearance pattern specified in Exhibit II - EC (Estimated Clearance). The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. This funding technique is interest neutral.

6.2.2 The following are terms under which funding techniques for administrative costs shall be implemented for all transfers of funds to which the funding technique is applied in section 6.3 of this Agreement.

There are no funding techniques listed in Section 6.2.2

6.2.3 The following are terms under which miscellaneous funding techniques shall be implemented for all transfers of funds to which the funding technique is applied in section 6.3 of this Agreement.

Reverse Flow Program - SSI (CFDA 96.006)

In accordance with the terms in Section 9.0 of this Agreement, the Federal Government makes payments on behalf of the State for the Supplemental Security Income (SSI) program, CFDA No. 96.006. This funding technique is not interest neutral.

6.2.4 The following are terms under which State unique funding techniques shall be implemented for all transfers of funds to which the funding technique is applied in section 6.3 of this Agreement.

Daily Draw - EBT

The State shall request funds such that they are deposited in a State account in accordance with the clearance pattern specified in Exhibit II. The request shall be made in accordance with the appropriate Federal agency cut-off specified in Exhibit I. The Commonwealth will request the draw down of funds daily for Electronic Benefit Transfers costs. The drawdown of funds shall be the same day EBT expenditures are reflected on the document direct report # DTAEB040. Funds will always be drawn on the same day that the report is available. The Commonwealth will draw down a fixed percentage of TANF funds on a daily basis. This fixed percentage rate will be based on the lowest claiming quarter for TANF/MOE during the prior calendar year. The fixed percentage rate will also be updated annually. This funding technique is interest neutral.

Reverse Flow

See Section 9.0 This funding technique is not interest neutral.

Bi-Weekly Reimbursable Funding

The State shall request funds such that they are deposited in a State account in accordance with the clearance pattern specified in Exhibit II. The request shall be made in accordance with the appropriate Federal agency cut-off specified in Exhibit I. The amount of the request shall be the actual sum of expenditures that have been incurred, recorded, identified and reconciled as billable since the last two-week draw cycle request was processed. In all the cases the request for funds will occur after the state has disbursed funds. This funding technique is interest neutral.

## FHWA Weekly Actual Reimbursement

The State shall request funds such that they are deposited in a State account in accordance with the clearance pattern specified in Exhibit II. The request shall be made in accordance with the appropriate Federal agency cut-off specified in Exhibit I. The amount of the request shall be the actual sum of expenditures that have been incurred, recorded, identified and reconciled as billable from the preceding Tuesday, Wednesday, Thursday, Friday and Monday. In all the cases the request for funds will occur after the state has disbursed funds. This funding technique is interest neutral.

## Monthly Reimbursable Funding

The State shall request funds such that they are deposited in a State account in accordance with the clearance pattern specified in Exhibit II. The request shall be made in accordance with the appropriate Federal agency cut-off specified in Exhibit I. The amount of the request shall be the actual sum of expenditures that have been incurred, recorded, identified and reconciled as billable since the last monthly draw cycle request was processed. In all the cases the request for funds will occur after the state has disbursed funds. This funding technique is interest neutral.

## Weekly Automated Central Draw Actual Reimbursable Funding

The State shall request funds such that they are deposited in a State account in accordance with the clearance pattern specified in Exhibit II. The request shall be made in accordance with the appropriate Federal agency cut-off specified in Exhibit I. The amount of the request shall be the actual sum of expenditures that have been incurred, recorded, identified and reconciled as billable from the preceding Friday, Monday, Tuesday, Wednesday and Thursday. In all the cases the request for funds will occur after the state has disbursed funds. This funding technique is interest neutral.

## Indirect Reimbursable Funding - Closeout

The State shall request funds once a month, such that they are deposited on the median day of the month. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit 1. The Commonwealth shall request funds bi-monthly for direct and certain indirect administrative costs. The amount of funds requested for indirect administrative costs shall be based on a percentage of the expenses recorded for certain direct administrative costs since the last request for funds. The percentage is derived using historical expenditure information from the previous federal fiscal year. Upon the submission of quarterly expenditure reports, a reconciliation between actual expenditures and draws is completed. A closeout draw reflecting the reconciliation is submitted. This funding technique is interest neutral.

## Weekly Draw - Approved CAP Expenditures



The State shall request funds such that they are deposited in a State account in accordance with the clearance pattern specified in Exhibit II. The request shall be made in accordance with the appropriate Federal agency cut-off specified in Exhibit I. The Commonwealth shall draw down estimated food stamp administrative draws on a weekly basis. The estimates are derived using historical expenditure information from previous federal fiscal years. Upon the submission of quarterly expenditure reports, reflective of the Department's approved cost allocation plan, a reconciliation between actual expenditures and estimated weekly draws is completed. A closeout draw reflecting the reconciliation is submitted. This funding technique is interest neutral.

#### Quarterly Draw – Closeout

The State shall request funds such that they are deposited in a State account in accordance with the clearance pattern specified in Exhibit II. The request shall be made in accordance with the appropriate Federal agency cut-off specified in Exhibit I.. The amount of funds requested for direct program costs shall be based on the amount of expenses submitted on the quarterly expenditure reports. Reconciliation between actual expenditures and actual draws is completed. A closeout draw reflecting the reconciliation is submitted on a quarterly basis.

This funding technique is interest neutral.

#### Cost Allocation Plan - Quarterly

The State shall request funds such that they are deposited in a State account in accordance with the clearance pattern specified in Exhibit II. The request shall be made in accordance with the appropriate Federal agency cut-off specified in Exhibit I. The state shall request funds once a per quarter, the amount of the request shall be based on actual costs distributed in accordance with the State's approved cost allocation plan. The amount of the funds requested for the draw shall be based on the actual amount of expenditures recorded. This funding technique is interest neutral.

#### Non Central Draw Indirect Cost Rate- Monthly

The State shall request funds once a month, such that they are deposited on the median day of the month. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit 1. The amount of the request shall be calculated by applying the indirect cost rate to the appropriate cost base of the prior month. This funding technique is interest neutral.

#### Weekly Reimbursable Funding

The State shall request funds such that they are deposited in a State account in accordance with the clearance pattern specified in Exhibit II. The request shall be made in accordance with the appropriate Federal agency cut-off specified in Exhibit I. The amount of the request

shall be the actual sum of expenditures that have been incurred, recorded, identified and reconciled as billable since the last weekly draw request was processed. In all the cases the request for funds will occur after the state has disbursed funds. This funding technique is interest neutral.

#### Automated Central Draw Indirect Cost Rates - Monthly

The State shall request funds once a month, such that they are deposited on the median day of the month. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit 1. The amount of the request shall be calculated in the Commonwealths financial system (MMARS) by applying the indirect cost rate to the appropriate cost base of the prior month. This funding technique is interest neutral.

#### HUD Payment Schedule

HUD (Housing and Urban Development) pays a calculated amount on the 2nd or 3rd business day of each month. The amount of the monthly allocation is documented in the annual budget approved by HUD. The budget is approved at the beginning of each calendar year. This funding technique is interest neutral.

#### Cost Allocation Plan Monthly

The State shall request funds such that they are deposited in a State account in accordance with the clearance pattern specified in Exhibit II. The request shall be made in accordance with the appropriate Federal agency cut-off specified in Exhibit I. The state shall request funds once a month, the amount of the request shall be based on actual costs distributed in accordance with the State's approved cost allocation plan. The amount of the funds requested for the draw shall be based on the actual amount of expenditures recorded. This funding technique is interest neutral.

#### Quarterly Reimbursable Funding

The State shall request funds such that they are deposited in a State account in accordance with the clearance pattern specified in Exhibit II. The request shall be made in accordance with the appropriate Federal agency cut-off specified in Exhibit I. The amount of the request shall be the actual sum of expenditures that have been incurred, recorded, identified and reconciled as billable since the last 3 month draw cycle request was processed. In all the cases the request for funds will occur after the state has disbursed funds. This funding technique is interest neutral.

### 6.3 Application of Funding Techniques to Programs

6.3.1 The State shall apply the following funding techniques when requesting Federal funds for the component cash flows of the programs listed in sections 4.2 and 4.3 of this Agreement.

### 6.3.2 Programs

Below are programs listed in Section 4.2 and Section 4.3.

#### 10.551 Food Stamps

Recipient: WEL-Department of Transitional Assistance

% of Funds Agency Receives: 100

Component: EBT

Technique: Daily Draw - EBT

Clearance Pattern: N/A

#### 10.555 National School Lunch Program

Recipient: DOE-Department of Education

% of Funds Agency Receives: 99

Component: vendor payments/ payments to local education agencies

Technique: Weekly Automated Central Draw Actual Reimbursable Funding

Clearance Pattern: N/A

Recipient: DOE-Department of Education

% of Funds Agency Receives: 1

Component: Indirect Costs

Technique: Automated Central Draw Indirect Cost Rates - Monthly

Clearance Pattern: N/A

#### 10.557 Special Supplemental Nutrition Program for Women, Infants, and Children

Recipient: DPH-Department of Public Health

% of Funds Agency Receives: 1

Component: Indirect Cost

Technique: Automated Central Draw Indirect Cost Rates - Monthly

Clearance Pattern: N/A

Recipient: DPH-Department of Public Health

% of Funds Agency Receives: 99

Component: Vendor Payments

Technique: Weekly Automated Central Draw Actual Reimbursable Funding

Clearance Pattern: N/A

#### 10.558 Child and Adult Care Food Program

Recipient: DOE-Department of Education

% of Funds Agency Receives: 99

Component: Payment Vendors

Technique: Weekly Automated Central Draw Actual Reimbursable Funding

Clearance Pattern: N/A

Recipient: DOE-Department of Education

% of Funds Agency Receives: 1

Component: Indirect Cost

Technique: Automated Central Draw Indirect Cost Rates - Monthly

Clearance Pattern: N/A

10.561 State Administrative Matching Grants for Food Stamp Program

Recipient: WEL-Department of Transitional Assistance

% of Funds Agency Receives: 100

Component: Estimated food stamp administrative draws

Technique: Weekly Draw - Approved CAP Expenditures

Clearance Pattern: N/A

14.228 Community Development Block Grants/State's Program

Recipient: OCD-Executive Office of Communities and Development

% of Funds Agency Receives: 1

Component: Indirect costs

Technique: Non Central Draw Indirect Cost Rate- Monthly

Clearance Pattern: N/A

Recipient: OCD-Executive Office of Communities and Development

% of Funds Agency Receives: 99

Component: Vendor Payments

Technique: Weekly Reimbursable Funding

Clearance Pattern: N/A

14.871 Section 8 Housing Choice Vouchers

Recipient: OCD-Executive Office of Communities and Development

% of Funds Agency Receives: 1

Component: indirect costs

Technique: HUD Payment Schedule

Clearance Pattern: N/A

Recipient: OCD-Executive Office of Communities and Development

% of Funds Agency Receives: 99

Component: Payments to Regional Agencies and Housing Authorities

Technique: HUD Payment Schedule

Clearance Pattern: N/A

17.225F Unemployment Insurance -- Federal Benefit Account and Administrative Costs

Recipient: EOL-Department of Labor and Workforce Development

% of Funds Agency Receives: 1

Component: indirect costs (reallocated costs)

Technique: Non Central Draw Indirect Cost Rate- Monthly

Clearance Pattern: N/A

Recipient: EOL-Department of Labor and Workforce Development

% of Funds Agency Receives: 99

Component: FECA and EUCA benefit payments , payroll, direct admin

Technique: Weekly Reimbursable Funding

Clearance Pattern: N/A

17.225S Unemployment Insurance -- State Benefit Account

Recipient: EOL-Department of Labor and Workforce Development

% of Funds Agency Receives: 100

Component: benefit payments

Technique: Actual Clearance, ZBA - Same Day Payment

Clearance Pattern: 6 Days

20.205 Highway Planning and Construction

Recipient: DPW-Massachusetts Highway Department

% of Funds Agency Receives: 100

Component: Vendor Payments/Construction and consulting

Technique: FHWA Weekly Actual Reimbursement

Clearance Pattern: N/A

84.010 Title I Grants to Local Educational Agencies

Recipient: DOE-Department of Education

% of Funds Agency Receives: 99

Component: Vendor Payments/Payments to Local Education Agencies

Technique: Weekly Automated Central Draw Actual Reimbursable Funding

Clearance Pattern: N/A

Recipient: DOE-Department of Education

% of Funds Agency Receives: 1

Component: Indirect Cost

Technique: Automated Central Draw Indirect Cost Rates - Monthly

Clearance Pattern: N/A

84.027 Special Education -- Grants to States

Recipient: DOE-Department of Education

% of Funds Agency Receives: 99

Component: Payments Vendor

Technique: Weekly Automated Central Draw Actual Reimbursable Funding

Clearance Pattern: N/A

Recipient: DOE-Department of Education

% of Funds Agency Receives: 1

Component: Indirect Cost

Technique: Automated Central Draw Indirect Cost Rates - Monthly

Clearance Pattern: N/A

84.126 Rehabilitation Services -- Vocational Rehabilitation Grants to States

Recipient: MRC- Massachusetts Rehabilitation Commission

% of Funds Agency Receives: 1

Component: Indirect Cost

Technique: Automated Central Draw Indirect Cost Rates - Monthly

Clearance Pattern: N/A

Recipient: MRC- Massachusetts Rehabilitation Commission

% of Funds Agency Receives: 68

Component: Payroll

Technique: Weekly Automated Central Draw Actual Reimbursable Funding

Clearance Pattern: N/A

Recipient: MRC- Massachusetts Rehabilitation Commission

% of Funds Agency Receives: 31

Component: Venor payments

Technique: Weekly Automated Central Draw Actual Reimbursable Funding

Clearance Pattern: N/A

84.367 Improving Teacher Quality State Grants

Recipient: DOE-Department of Education

% of Funds Agency Receives: 99

Component: Vendor payments

Technique: Weekly Automated Central Draw Actual Reimbursable Funding

Clearance Pattern: N/A

Recipient: DOE-Department of Education

% of Funds Agency Receives: 1

Component: Indirect Cost

Technique: Automated Central Draw Indirect Cost Rates - Monthly

Clearance Pattern: N/A

93.558 Temporary Assistance for Needy Families

Recipient: WEL-Department of Transitional Assistance

% of Funds Agency Receives: 22

Component: Daily EBT Costs

Technique: Daily Draw - EBT

Clearance Pattern: N/A

Recipient: WEL-Department of Transitional Assistance

% of Funds Agency Receives: 14

Component: Direct Program Costs

Technique: Quarterly Reimbursable Funding

Clearance Pattern: N/A

Recipient: WEL-Department of Transitional Assistance

% of Funds Agency Receives: 4

Component: Indirect Cost

Technique: Cost Allocation Plan - Quarterly

Clearance Pattern: N/A

Recipient: WEL-Department of Transitional Assistance

% of Funds Agency Receives: 50

Component: Direct Program Cost

Technique: Monthly Reimbursable Funding

Clearance Pattern: N/A

Recipient: WEL-Department of Transitional Assistance

% of Funds Agency Receives: 10

Component: Direct Program Costs

Technique: Bi-Weekly Reimbursable Funding

Clearance Pattern: N/A

93.563 Child Support Enforcement

Recipient: DOR- Department of Revenue

% of Funds Agency Receives: 1

Component: Indirect Cost

Technique: Automated Central Draw Indirect Cost Rates - Monthly

Clearance Pattern: N/A

Recipient: DOR- Department of Revenue

% of Funds Agency Receives: 15

Component: Vendor payments

Technique: Weekly Automated Central Draw Actual Reimbursable Funding

Clearance Pattern: N/A

Recipient: DOR- Department of Revenue

% of Funds Agency Receives: 84

Component: Vendor Payments

Technique: Bi-Weekly Reimbursable Funding

Clearance Pattern: N/A

93.568 Low-Income Home Energy Assistance

Recipient: OCD-Executive Office of Communities and Development

% of Funds Agency Receives: 1

Component: Indirect Cost

Technique: Cost Allocation Plan Monthly

Clearance Pattern: N/A

Recipient: OCD-Executive Office of Communities and Development

% of Funds Agency Receives: 99

Component: Vendor Payments/ Beneficiary Payments

Technique: Weekly Automated Central Draw Actual Reimbursable Funding

Clearance Pattern: N/A

93.575 Child Care and Development Block Grant

Recipient: EEC-Early Education & Childcare

% of Funds Agency Receives: 100

Component: Vendor Payments

Technique: Monthly Reimbursable Funding



Clearance Pattern: N/A

93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund

Recipient: EEC-Early Education & Childcare

% of Funds Agency Receives: 100

Component: Vendor Payments

Technique: Monthly Reimbursable Funding

Clearance Pattern: N/A

93.658 Foster Care -- Title IV-E

Recipient: DSS-Department of Social Services

% of Funds Agency Receives: 1

Component: Indirect costs

Technique: Cost Allocation Plan Monthly

Clearance Pattern: N/A

Recipient: DSS-Department of Social Services

% of Funds Agency Receives: 99

Component: Vendor Payments

Technique: Bi-Weekly Reimbursable Funding

Clearance Pattern: N/A

93.659 Adoption Assistance

Recipient: DSS-Department of Social Services

% of Funds Agency Receives: 99

Component: Vendor Payments & Admin Costs

Technique: Bi-Weekly Reimbursable Funding

Clearance Pattern: N/A

Recipient: DSS-Department of Social Services

% of Funds Agency Receives: 1

Component: Indirect Cost

Technique: Cost Allocation Plan Monthly

Clearance Pattern: N/A

93.667 Social Services Block Grant

Recipient: DSS-Department of Social Services

% of Funds Agency Receives: 99  
Component: Vendor Payments  
Technique: Bi-Weekly Reimbursable Funding  
Clearance Pattern: N/A

Recipient: DSS-Department of Social Services  
% of Funds Agency Receives: 1  
Component: Indirect Cost  
Technique: Cost Allocation Plan Monthly  
Clearance Pattern: N/A

93.767 State Children's Insurance Program  
Recipient: EHS-Executive Office of Health and Human Services  
% of Funds Agency Receives: 55  
Component: Service Providers  
Technique: Quarterly Draw – Closeout  
Clearance Pattern: N/A

Recipient: EHS-Executive Office of Health and Human Services  
% of Funds Agency Receives: 45  
Component: Service Providers  
Technique: Weekly Reimbursable Funding  
Clearance Pattern: N/A

93.778 Medical Assistance Program  
Recipient: EHS-Executive Office of Health and Human Services  
% of Funds Agency Receives: 2  
Component: Indirect Administrative Costs  
Technique: Cost Allocation Plan - Quarterly  
Clearance Pattern: N/A

Recipient: EHS-Executive Office of Health and Human Services  
% of Funds Agency Receives: 1  
Component: Direct Administrative Cost  
Technique: Bi-Weekly Reimbursable Funding  
Clearance Pattern: N/A

Recipient: EHS-Executive Office of Health and Human Services  
% of Funds Agency Receives: 6  
Component: Direct Program Cost and Payments to Service Providers  
Technique: Quarterly Draw – Closeout

Clearance Pattern: N/A

Recipient: EHS-Executive Office of Health and Human Services

% of Funds Agency Receives: 1

Component: Indirect Costs

Technique: Indirect Reimbursable Funding - Closeout

Clearance Pattern: N/A

Recipient: EHS-Executive Office of Health and Human Services

% of Funds Agency Receives: 76

Component: Service Providers, Direct Program Cost

Technique: Weekly Reimbursable Funding

Clearance Pattern: N/A

Recipient: EHS-Executive Office of Health and Human Services

% of Funds Agency Receives: 14

Component: Direct Program and Service Providers

Technique: Monthly Reimbursable Funding

Clearance Pattern: N/A

96.001 Social Security -- Disability Insurance

Recipient: MRC- Massachusetts Rehabilitation Commission

% of Funds Agency Receives: 100

Component: Payments to Beneficiaries

Technique: Weekly Automated Central Draw Actual Reimbursable Funding

Clearance Pattern: N/A

96.006 Supplemental Security Income

Recipient: MRC- Massachusetts Rehabilitation Commission

% of Funds Agency Receives: 100

Component: Payments to Beneficiaries

Technique: Reverse Flow Program - SSI (CFDA 96.006)

Clearance Pattern: N/A

### 6.3.3 Materiality Exemptions

Agencies exempt from coverage on the basis of materiality:

No exempt agencies.

## 7.0 CLEARANCE PATTERNS

7.1 The State shall develop separate clearance patterns for each of the following:

7.2 The following shall develop the State's clearance patterns:

The Bank shall develop clearance patterns for Vendor and Payroll accounts.

7.3 The sources of data the State shall use when developing its clearance patterns are as follows:

the Commonwealth's controlled disbursement accounts.

7.4 The State shall use the following methodology when developing its clearance patterns:

When developing each clearance pattern, the State shall track at least 99% of the funds disbursed, from issuance to clearance, for a period of at least three months.

7.5 The State shall identify for each check or warrant (hereafter, check) in the population: (1) the date the check was released for payment; (2) the date the check was debited from the State's account, and, (3) the amount of the check.

7.6 The State shall use the following method to calculate the dollar-weighted average day of clearance:

To determine the number of days each check was outstanding (clearance time), the issue date shall be subtracted from the date the check cleared the State's account.

To determine the percentage of the disbursement paid out each day following issuance, the amount of the checks that clear the State's account each day shall be summed and then divided by the amount of the total disbursement.

For each day following issuance, the clearance time of the checks paid out that day shall be multiplied by the percentage of the total disbursement those checks represent. This product is the clearance factor.

The dollar-weighted average day of clearance for the disbursement shall be determined by summing the clearance factor of each day following the disbursement.

7.7 The State shall adjust each clearance pattern to reflect the dollar-weighted proportion of funds paid out by EFT/Direct payroll, with the following exceptions:

Not Applicable

The State shall also adjust each clearance pattern to reflect:

Not Applicable

7.8 Each of the State's clearance patterns is calculated in calendar days.

7.9 An authorized State official shall certify that each clearance pattern developed by the State accurately corresponds to the clearance activity of the programs to which it is applied. This certification shall be provided to FMS prior to the effective date of the Agreement. The State shall recertify its clearance patterns at least every five years.

7.10 The State shall follow the procedures of 31 CFR 205 if it has actual or constructive knowledge, at any time, that a clearance pattern does not correspond to a program's clearance activity.

## 8.0 INTEREST CALCULATION METHODOLOGY

8.1.1 The State and the Secretary agree that no interest liabilities will be incurred for transfers of funds made in accordance with the procedures specified in section 6 of this Agreement where the following funding techniques are applied:

Actual Clearance, ZBA - Same Day Payment  
 Average Clearance  
 Payment Schedule - Monthly  
 Estimated Clearance  
 Quarterly Reimbursable Funding  
 Cost Allocation Plan Monthly  
 Daily Draw - EBT  
 Bi-Weekly Reimbursable Funding  
 FHWA Weekly Actual Reimbursement  
 Monthly Reimbursable Funding  
 Weekly Automated Central Draw Actual Reimbursable Funding  
 Indirect Reimbursable Funding - Closeout  
 Weekly Draw - Approved CAP Expenditures  
 Quarterly Draw – Closeout  
 Cost Allocation Plan - Quarterly  
 Non Central Draw Indirect Cost Rate- Monthly  
 Weekly Reimbursable Funding  
 Automated Central Draw Indirect Cost Rates - Monthly  
 HUD Payment Schedule

8.1.2 The State shall maintain information on disbursements and receipts of funds to verify the implementation of any funding technique and document interest liabilities.  
 For each disbursement, the State shall be able to identify:

- (1) amount of the issuance
- (2) date of issuance
- (3) date Federal funds are received and credited to a State account
- (4) amount of Federal funds received
- (5) date funds were requested

## 8.2 Federal Interest Liabilities

8.2.1 A Federal interest liability shall accrue from the day the State pays out its own funds for program purposes to the day Federal funds are credited to a State account. With regard to funds transferred out of the Federal Highway Trust Fund, if a State does not bill at least weekly for current project costs, the Federal interest liability shall not accrue prior to the day the State submits a request for funds.

8.2.2 The State shall use the following method to calculate Federal interest liabilities:

### Actual Activity:

For all transactions where the State pays out its own funds for program purposes prior to receiving Federal funds, the State shall track each payment from the date it is paid out of a State account to the date Federal funds are subsequently credited to a State account to cover that outlay. The Federal interest liability on each payment shall be based on the difference in whole days between the two events. With Federal-State matching programs, interest shall be calculated on the Federal percentage of the disbursement.

## 8.3 The Unemployment Trust Fund

8.3.1 The State shall use the following method to calculate State interest liabilities on funds withdrawn from the several accounts in the Unemployment Trust Fund:

The State shall use the following methodology to calculate State interest liabilities on funds withdrawn from the several accounts in the UTF under the Unemployment Insurance program.

Based on statements provided by its financial institution, or other appropriate source, the State shall determine the actual interest earnings and the related banking costs attributable to funds withdrawn from its account in the UTF.

At the end of the States fiscal year, the State shall calculate the percentage of its total unemployment compensation expenditures for (1) funds withdrawn from the State account in the UTF, or the State %, and (2) funds withdrawn from the Federal Employees Compensation Account (FECA) and the Extended Unemployment Compensation Account (EUCA) and any other accounts of Federal funds in the UTF, or the Federal %.

The State shall calculate the actual interest earnings and the related banking costs attributable to funds withdrawn from the State account in the UTF by multiplying the State % by the amount of the actual interest earnings and the related banking costs of the account as a

whole. The States liability for interest on funds withdrawn from its account in the UTF shall consist of the actual interest earnings attributable to such funds less the related banking costs attributed to such funds.

The State shall determine the average daily cash balance of its unemployment compensation benefit payment account for its fiscal year. The State shall calculate the average daily cash balance of Federal funds by multiplying the Federal % by the average daily cash balance of the benefit payment account on the whole. The States liability for interest on funds withdrawn from the FECA and EUCA (and any other benefit accounts of Federal funds in the UTF from which the State draws funds) shall be the average daily cash balance of Federal funds multiplied by the annualized rate equal to the average equivalent yields of 13-week Treasury bills auctioned during the States fiscal year.

## 8.4 Refund Liabilities

8.4.1 The State shall be liable for interest on refunds from the date the refund is credited to a State account until the date the refund is debited from the State account for program purposes. The State shall apply a \$50,000 refund transaction threshold below which the State shall not incur or calculate interest liabilities on refunds. A transaction is defined as a single deposit.

8.4.2 For each refund, the State shall maintain information identifying:

- (1) date a refund is credited to a State account
- (2) date of the subsequent deposit of Federal funds against which the refund is offset
- (3) amount of the refund

8.4.3 The State shall use the following methodology to calculate interest liabilities on refunds:

With programs to which applicable interest neutral funding techniques are applied, the State interest liability shall be based on the difference in whole days between the date the refund is deposited in a State account and the date the refund is offset against a subsequent deposit of Federal funds.

## 8.5 Exemptions

8.5.1 Where more than one State agency is a recipient of Federal funds under a program, a particular State agency's funding may be excluded from interest calculation procedures if the State agency receives an amount of funds less than 5 % of the State's threshold for major Federal assistance programs. Notwithstanding this potential exemption, however, in no case shall less than 90% of a program's total funding be subject to interest calculation procedures.

Proration of calculations: If less than total program funding is subject to interest calculation procedures, the resulting interest liability calculations shall be prorated to 100% of program

funding.

## 8.6 State Interest Liabilities

8.6.1 The State shall be liable for interest on Federal funds from the date Federal funds are credited to a State account until the date those funds are paid out for program purposes.

8.6.2 The State shall use the following method to calculate State interest liabilities on Federal funds:

### 8.6.3 Measuring Time Funds Are Held

Deposit to Issuance; Issuance to Clearance:

To determine the total time Federal funds are held, the State shall separately measure two time periods: (1) the date Federal funds are deposited to the date checks are issued; and (2) the date checks are issued to the date funds are debited from the State's account.

### 8.6.4 Source of Data

Clearance Patterns:

The time period from issuance of funds to the date funds are debited from the State's account shall be determined by the appropriate clearance pattern specified in Exhibit II.

### 8.6.5 Standards Applied

Not Applicable

### 8.6.6 Calculation Procedure

Average Daily Balance:

$I = ADB \times R$ , where

$I$  = State's total interest liability

$ADB$  = Average Daily Balance of cash in a program's account, measured from deposit to clearance

$R$  = Annualized rate equal to the average equivalent yields of 13-week Treasury bills auctioned during a State's fiscal year

## 9.0 Reverse Flow Programs

9.1 The Federal government makes payments on behalf of the State for the Supplemental



Security Income (SSI) program.

## 9.2 Definitions

**State Supplementary Payment (SSP):** Monthly payment made by the State to the Social Security Administration (SSA), as a voluntary supplement to monthly SSI payments made by the SSA to the State's SSI beneficiaries.

**SSI/SSP:** The monthly SSI payment made by the SSA to beneficiaries, which combines both Federal SSI program funds and SSP funds.

**SSI/SSP Transfer Date:** The dollar-weighted average day of clearance of the regularly issued monthly SSI/SSP checks issued by the SSA, adjusted to reflect three payment variations.

**Due Date:** The day on which States are required to deposit funds to the SSA.

**Deposit Date:** The day on which State funds are deposited to the SSA.

## 9.3 Funding Technique

The State and the Federal government will apply the following funding technique to the SSI program:

**Component:** State Supplementary Payment

**Technique:** SSI Funding Technique

**Description:** In accordance with Public Law 106-170, the State shall deposit funds to the SSA no later than the business day preceding the date on which the SSA Commissioner pays monthly benefits, or with respect to monthly benefits paid for the month that is the last month of the State's fiscal year, the fifth business day following such date.

9.3.1 State Supplementary Payment (SSP) technique is Average Clearance.

## 9.4 Clearance Pattern

The SSI/SSP Transfer Date is determined by adjusting the dollar weighted average day of clearance for regularly issued monthly SSI/SSP checks, as determined by the Federal Reserve Bank's Survey of Float on US Government Checks, with the three payment variations below, to reflect the proportion of SSI/SSP payments made to beneficiaries as follows:

**By check on days later in a month:** To calculate this adjustment, SSA will determine the nationwide percentage of total SSI/SSP payments made to beneficiaries by check on days later in a month, using full data from the most recent Federal fiscal year. The average day of

clearance for regularly issued monthly SSI/SSP checks shall be dollar-weighted for SSI/SSP payments made to beneficiaries by check on days later in the month, which are assumed to be issued on the 11th business day of the month.

By direct deposit on the regularly designated day of the month for delivery of SSI/SSP payments: To calculate this adjustment, SSA will determine the nationwide percentage of total SSI/SSP payments made to beneficiaries by direct deposit on the regularly designated day of the month for delivery of SSI/SSP payments, using full data from the most recent Federal fiscal year. The average day of clearance for regularly issued monthly SSI/SSP checks shall be dollar-weighted with the average day of clearance for SSI/SSP payments made to beneficiaries by direct deposit on the regularly designated day of the month for delivery of SSI/SSP payments to beneficiaries.

By direct deposit on days later in a month: To calculate this adjustment, SSA will determine the nationwide percentage of total SSI/SSP payments made to beneficiaries by direct deposit on days later in a month, using full data from the most recent Federal fiscal year. The average day of clearance for regularly issued monthly SSI/SSP checks shall be dollar-weighted with the average day of clearance for SSI/SSP payments made to beneficiaries by direct deposit on days later in a month, which are assumed to be issued on the 11th business day of the month.

## 9.5 Interest Calculations

The Federal Government shall use the following methods to calculate and document Federal and State interest liabilities for SSI.

To calculate the interest liability, SSA shall record the Deposit Date of each monthly SSP payment and compare it to the SSI/SSP Transfer Date for each month. The liability for interest will be based on the following:

Payments received before the Due Date: The interest liability provisions of the CMIA do not apply to payments paid by a State before the Due Date, pursuant to Public Law 106-170. All payments received prior to the Due Date will be deemed as received on the Due Date, for the purposes of calculating interest.

Payments received on the Due Date: A Federal interest liability should be computed from (1) the Due Date to (2) the day SSA pays out the State funds for program purposes (SSI/SSP Transfer Date).

Payments received after the Due Date but on or before the SSI/SSP Transfer Date: Interest liability provisions of the CMIA do not apply.

Payments received after the SSI/SSP Transfer Date: A State interest liability will accrue from (1) the SSI/SSP Transfer Date until (2) the day State funds are credited to the SSA.

SSA shall calculate Federal and State interest liabilities on the variance between (1) the amount of the monthly State payment, which is an estimate, and (2) the actual monthly outlays for program purposes made by the SSA on behalf of the State. The monthly State payment includes the cumulative balance brought forward from the previous month. For each month of the State's fiscal year, SSA will compare the amount of the State payment to the amount of the actual outlays made on behalf of the State. To the extent the State payment (including the estimated cumulative balance) is greater than actual outlays, a Federal interest liability will accrue. To the extent the State payment (including estimated cumulative balance) is less than actual outlays, a State interest liability will be calculated. In either case, the interest liability will be calculated based on the difference in whole days from (1) the day the monthly State payment was deposited to a Federal account to (2) the day a subsequent monthly State payment is deposited to a Federal account.

Any overpayment that results in a cumulative balance does not constitute an early deposit as defined in Public Law 106-170, Section 410, Schedule for SSI Supplementation Agreements.

## 9.6 Refunds

Pursuant to 31 CFR 205.25 (c)(3), the State or the Federal government will not incur interest liabilities on refunds under the Supplemental Security Income Program as States are credited with the refunds in advance, before SSA collects the funds.

9.7 Information relative to the SSI clearance pattern included in Section 9 was prepared in 1993. The attached Exhibit I refelects information provided in 2001. The State acknowledges that FMS has expressed an intent to provide updated information for Section 9 and an updated Exhibit 1. The State will work with FMS to amend this Agreement when said updated information is provided.

## 10.0 INTEREST CALCULATION COSTS

10.1 As set forth in 31 CFR 205.27, interest calculation costs are defined as those costs necessary for the actual calculation of interest, including the cost of developing and maintaining clearance patterns in support of the interest calculations. Interest calculation costs do not include expenses for normal disbursing services, such as processing of checks or maintaining records for accounting and reconciliation of cash balances, or expenses for upgrading or modernizing accounting systems. Interest calculation costs in excess of \$50,000 in any year are not eligible for reimbursement, unless the State provides justification with the annual report.

10.2 The State expects to incur the following types of interest calculation costs:

costs of calculating interest, including the cost of developing and maintaining clearance patterns in support of interest calculations.

10.3 The State shall submit all claims for reimbursement of interest calculation costs with its Annual Report in accordance with 31 CFR 205.

## 11.0 NON-COMPLIANCE

11.1 The provisions of 31 CFR Part 205.29 and 31 CFR Part 205.30 shall apply in cases of non-compliance with the terms of this Agreement.

## 12.0 AUTHORIZED SIGNATURES

Martin J. Benison  
Comptroller, Commonwealth of Massachusetts

Signature: \_\_\_\_\_ Date Signed: \_\_\_\_\_

Gary E. Grippo  
Assistant Commissioner  
Federal Finance  
Financial Management Service  
U.S. Department of the Treasury

Signature: \_\_\_\_\_ Date Signed: \_\_\_\_\_

Date Submitted 11/21/2008

Gary E. Grippo  
Assistant Commissioner  
Federal Finance  
Financial Management Service  
U.S. Department of the Treasury

Signature: \_\_\_\_\_ Date Signed: \_\_\_\_\_